

SB1618



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB1618

Introduced 2/9/2011, by Sen. Heather A. Steans

SYNOPSIS AS INTRODUCED:

215 ILCS 5/356Z.26 new

Amends the Illinois Insurance Code. Provides that a health insurance issuer offering group or individual health insurance coverage shall, with respect to each plan year, provide an annual rebate to each enrollee under such coverage, on a pro rata basis, if the medical loss ratio for the plan year meets specified criteria. Sets forth guidelines for calculating the medical loss ratio. Effective immediately.

LRB097 09360 RPM 49495 b

A BILL FOR

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by adding
5 Section 356Z.26 as follows:

6 (215 ILCS 5/356Z.26 new)

7 Sec. 356Z.26. Requirement to provide value for premium
8 payments.

9 (a) Beginning January 1, 2011, except as provided in
10 subsection (c) of this Section, a health insurance issuer
11 offering group or individual health insurance coverage shall,
12 with respect to each plan year, provide an annual rebate to
13 each enrollee under such coverage, on a pro rata basis, if the
14 medical loss ratio for the plan year is:

15 (1) with respect to a health insurance issuer offering
16 coverage in the large group market, less than 85% or such
17 higher percentage as established by the Department; or

18 (2) with respect to a health insurance issuer offering
19 coverage in the small group market or in the individual
20 market, less than 80% or such higher percentage as
21 established by the Department. The Director may request an
22 adjustment to the 80% standard in this paragraph (2) from
23 the Secretary of the U.S. Department of Health and Human

1 Services if the Director determines that requiring
2 insurers to meet the 80% standard has a likelihood of
3 destabilizing the individual market and could result in
4 fewer choices for consumers.

5 (b) The total amount of an annual rebate required under
6 this Section shall be in an amount equal to the product of the
7 amount by which the percentage described in paragraph (1) or
8 (2) of subsection (a) of this Section exceeds the ratio
9 described in such paragraph and the total amount of premium
10 revenue for such plan year.

11 (c) Beginning on January 1, 2014, the determination made
12 under subsection (a) of this Section for the year involved
13 shall be based on the averages of the premiums expended on the
14 costs described in such subsection and total premium revenue
15 for each of the previous 3 years for the plan.

16 (d) In determining the percentages under subsection (a) of
17 this Section, the Department shall seek to ensure adequate
18 participation by health insurance issuers, competition in the
19 Illinois health insurance market, and value for consumers so
20 that premiums are used for clinical services and quality
21 improvements.

22 (e) The medical loss ratio described in subsection (a) of
23 this Section shall be calculated pursuant to the NAIC Patient
24 Protection and Affordable Care Act Medical Loss Ratio
25 Regulation as certified by the Secretary of the U.S. Department
26 of Health and Human Services under subsection (c) of Section

1 2718 of the federal Public Health Service Act, as amended by
2 the Patient Protection and Affordable Care Act.

3 (f) A health insurance issuer offering group or individual
4 health insurance coverage shall provide to the Department any
5 information required to be submitted to the Secretary of the
6 U.S. Department of Health and Human Services under Section 2718
7 of the Public Health Service Act, as amended by the Patient
8 Protection and Affordable Care Act, or under regulations
9 promulgated pursuant thereto.

10 (g) As used in this Section "health insurance issuer",
11 "health insurance coverage", "group health insurance", and
12 "individual health insurance" shall have the same meaning given
13 those terms in the Illinois Health Insurance Portability and
14 Accountability Act.

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.